

The financial results have been translated from the Japanese Consolidated Financial Statements for reference purposes only. In the event of any discrepancy between the Japanese version and the English translation, the Japanese version will prevail.

**Consolidated Financial Results
for the Second Quarter of Fiscal 2016
(April 1, 2016 - September 30, 2016)
[under Japanese GAAP]**

October 28, 2016

Company name: NS Solutions Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 2327
 URL: <http://www.nssol.nssmc.com>
 Representative: Munetaka Shashiki, Representative Director & President
 Contact: Hideki Komatsu, Director, Accounting & Finance Department
 Phone: +81-3-5117-4111
 Scheduled date of filing quarterly securities report: November 11, 2016
 Scheduled date of commencing dividend payments: December 2, 2016
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (for analysts)

(Amounts of less than one million yen are rounded down.)

**1. Consolidated Financial Results for the Second Quarter of Fiscal 2016
(April 1, 2016 to September 30, 2016)**

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2016 2Q	105,855	(0.4)	9,826	0.1	10,209	1.5	6,598	9.5
FY2015 2Q	106,291	12.0	9,814	40.3	10,054	39.1	6,027	42.0

(Note) Comprehensive income: FY2016 2Q: 8,644 million yen [50.3%]
 FY2015 2Q: 5,749 million yen [26.7%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY2016 2Q	70.95		-	
FY2015 2Q	64.81		-	

(Note) The Company carried out a 2-for-1 stock split of common stock on January 1, 2016. Accordingly, net income per share is calculated on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
FY2016 2Q	177,900		111,485		60.3	
FY2015	175,696		105,012		57.3	

(Reference) Equity: FY2016 2Q: 107,209 million yen
 FY2015: 100,721 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2015	-	42.50	-	21.25	-
FY2016	-	22.50			
FY2016(Forecast)			-	22.50	45.00

(Notes) 1. Revision to the forecast for dividends announced most recently: None

2. The year-end dividend of fiscal year ended March 31, 2016 has taken the 2-for-1 stock split of common stock implemented on January 1, 2016 into account. The year-end dividend and the total amount of the annual dividends of the fiscal year ended March 31, 2016 without taking the stock split into account would be 42.50 yen and 85.00 yen respectively.

3. Consolidated Financial Results Forecast for Fiscal 2016

(April 1, 2016 to March 31, 2017)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	223,000	2.0	20,600	6.9	21,000	8.4	13,500	20.9	145.15

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):

FY2016 2Q : 105,998,240 shares

FY2015: 105,998,240 shares

2) Total number of treasury shares at the end of the period:

FY2016 2Q : 12,991,324 shares

FY2015: 12,991,324 shares

3) Average number of shares during the period:

FY2016 2Q : 93,006,916 shares

FY2015 2Q: 93,007,716 shares

(Note) The Company carried out a 2-for-1 stock split of common stock on January 1, 2016. Accordingly, numbers of shares above are calculated on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

* Presentation regarding the implementation status of the quarterly review procedures

This quarterly consolidated financial results report is exempt from the quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly consolidated financial results, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act have not been completed.

* Explanation of the proper use of financial results forecast and other notes

The forecasts stated above are based on information available as of the date of publication of this document. Actual results may differ from these forecasts due to a wide range of factors hereafter.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
ASSETS	March 31, 2016	September 30, 2016
Current assets		
Cash and deposits	2,308	2,162
Deposits paid	40,824	46,265
Notes and accounts receivable - trade	42,722	35,768
Work in process	20,616	24,443
Raw materials and supplies	97	81
Short-term loans receivable from subsidiaries and associates	12,000	12,000
Other	4,625	4,644
Allowance for doubtful accounts	(18)	(15)
Total current assets	123,176	125,349
Non-current assets		
Property, plant and equipment	21,045	20,799
Intangible assets		
Goodwill	2,082	1,985
Other	1,414	1,656
Total intangible assets	3,496	3,642
Investments and other assets		
Investment securities	20,547	21,593
Other	7,478	6,565
Allowance for doubtful accounts	(49)	(49)
Total investments and other assets	27,977	28,109
Total non-current assets	52,519	52,551
Total assets	175,696	177,900

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

LIABILITIES	March 31, 2016	September 30, 2016
Current liabilities		
Notes and accounts payable - trade	16,734	13,265
Income taxes payable	4,012	3,577
Advances received	14,159	16,254
Provision for bonuses	7,633	7,503
Other provision	465	454
Other	7,726	4,994
Total current liabilities	50,731	46,051
Non-current liabilities		
Provision for directors' retirement benefits	145	140
Net defined benefit liability	18,923	19,404
Other	884	818
Total non-current liabilities	19,953	20,363
Total liabilities	70,684	66,414
NET ASSETS	March 31, 2016	September 30, 2016
Shareholders' equity		
Capital stock	12,952	12,952
Capital surplus	9,950	9,950
Retained earnings	90,634	95,257
Treasury shares	(20,006)	(20,006)
Total shareholders' equity	93,531	98,153
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,296	10,386
Revaluation reserve for land	(1,276)	(1,276)
Foreign currency translation adjustment	170	(53)
Total accumulated other comprehensive income	7,190	9,055
Non-controlling interests	4,290	4,276
Total net assets	105,012	111,485
Total liabilities and net assets	175,696	177,900

(2) Quarterly Consolidated Statements of Income

(Millions of yen)

	2015Fy 2Q	2016Fy 2Q
Net sales	106,291	105,855
Cost of sales	84,326	83,577
Gross profit	21,965	22,278
Selling, general and administrative expenses	12,150	12,451
Operating income	9,814	9,826
Non-operating income and expense		
Non-operating income		
Interest income	76	67
Dividend income	220	268
Share of profit of entities accounted for using equity method	13	23
Other	22	80
Total non-operating income	332	440
Non-operating expenses		
Interest expenses	34	18
Loss on retirement of non-current assets	8	4
Foreign exchange losses	7	15
Provision for loss on business withdrawal	-	14
Other	42	5
Total non-operating expenses	92	58
Ordinary income	10,054	10,209
Profit before income taxes	10,054	10,209
Income taxes	3,750	3,422
Profit	6,304	6,786
Profit attributable to non-controlling interests	276	187
Profit attributable to owners of parent	6,027	6,598

(3) Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	2015Fy 2Q	2016Fy 2Q
Profit	6,304	6,786
Other comprehensive income		
Valuation difference on available-for-sale securities	(559)	2,089
Foreign currency translation adjustment	5	(231)
Total other comprehensive income	(554)	1,858
Comprehensive income	5,749	8,644
attributable to		
Comprehensive income attributable to owners of parent	5,472	8,464
Comprehensive income attributable to non-controlling interests	277	179

(4) Quarterly Consolidated Statements of Cash Flow

(Millions of yen)

	2015Fy 2Q	2016Fy 2Q
Cash flows from operating activities		
Profit before income taxes	10,054	10,209
Depreciation	1,899	1,929
Amortization of goodwill	127	91
Increase (decrease) in allowance for doubtful accounts	(8)	(2)
Increase (decrease) in provision for bonuses	236	(129)
Increase (decrease) in net defined benefit liability	487	480
Interest and dividend income	(296)	(336)
Interest expenses	34	18
Share of (profit) loss of entities accounted for using equity method	(13)	(23)
Loss on retirement of non-current assets	8	4
Decrease (increase) in notes and accounts receivable - trade	11,199	6,849
Decrease (increase) in inventories	(1,731)	(3,852)
Increase (decrease) in notes and accounts payable - trade	(3,981)	(3,421)
Other, net	(1,683)	138
Subtotal	16,331	11,952
Interest and dividend income received	301	337
Interest expenses paid	(34)	(18)
Income taxes paid	(4,725)	(4,036)
Net cash provided by (used in) operating activities	11,872	8,235
Cash flows from investing activities		
Payments into time deposits	—	(175)
Proceeds from redemption of securities	2,000	—
Purchase of property, plant and equipment and intangible assets	(1,977)	(2,203)
Purchase of investment securities	(1,000)	(40)
Proceeds from redemption of investment securities	—	2,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(14)	—
Other, net	(81)	(76)
Net cash provided by (used in) investing activities	(1,073)	(495)
Cash flows from financing activities		
Cash dividends paid	(1,046)	(1,976)
Dividends paid to non-controlling interests	(123)	(193)
Repayments of lease obligations	(290)	(310)
Net cash provided by (used in) financing activities	(1,460)	(2,480)
Effect of exchange rate change on cash and cash equivalents	3	(140)
Net increase (decrease) in cash and cash equivalents	9,342	5,118
Cash and cash equivalents at beginning of period	33,762	43,133
Cash and cash equivalents at end of period	43,104	48,251